

# KENTUCKY ECONOMIC INDICATORS

September 2007 as of November 28, 2007

## **KY Composite Index of Leading Indicators increased by 3.4 percent in September.**

- The Leading Index increased for the fourth time this year.
- Year-over-year the index was down by 0.2 percent.
- The component indicators were mostly positive, 4:1.
  - + KY Labor Intensity Index increased 1.7 percent.
  - + KY Index of Initial UI Claims increased by 8.2 percent.
  - + US Retail Sales increased by 8.1 percent.
  - US Manufacturer's New Orders Index decreased 4.3 percent.
  - + Louisville Help Wanted Index increased by 1 point to 23.

*Component weights for September are 68.9, 13.3, 11.7, 4.9 and 1.2 respectively.*

## **KY Composite Index of Coincident Indicators increased by 1.2 percent in September.**

- The Coincident Index is positive for the fourth consecutive month.
- Year-over-year growth is positive for the fiftieth consecutive month at 1.7 percent.
- Component indicators are all positive 3:0.
  - + KY Nonagricultural Employment increased 1.6 percent.
  - + US Industrial Production Index increased 2.1 percent.
  - + US Personal Income Less Transfers increased 2.9 percent.

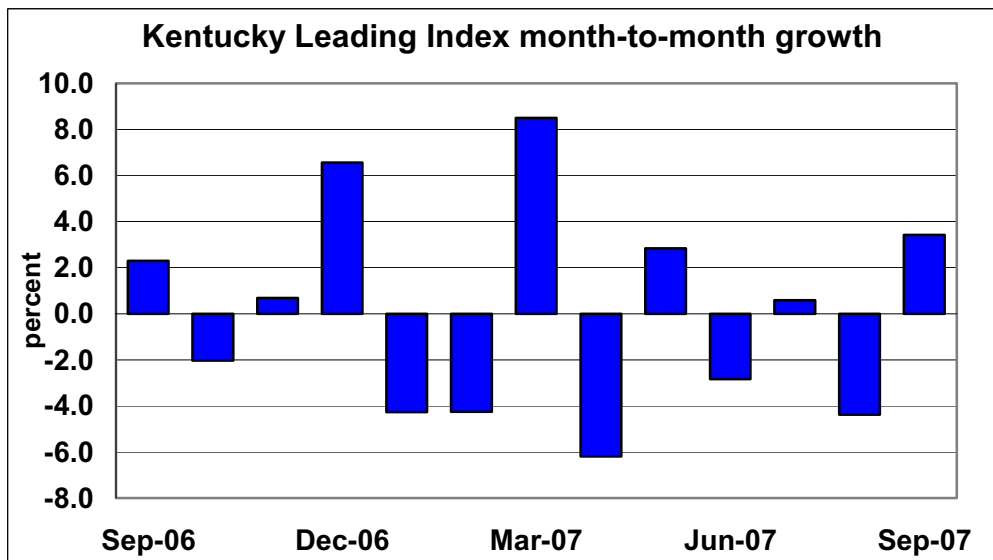
*Component weights for September are 37.6, 31.4 and 18.5 respectively. Component weights do not sum to one because the two US components were discounted to give the Kentucky component more weight.*

The Kentucky Leading Index is up 3.4 percent for September, regaining nearly all the losses incurred last month. The Kentucky Leading Index for September is a near complete reversal from August. In August four of the five components were negative, while in September four of the five components are positive. The Kentucky Labor Intensity Index was up sharply this month, showing the largest single month increase since June 2006. Both Total Kentucky Manufacturing Employment, which is up 7.8 percent, and Total Kentucky Non-farm Employment, which is up by 1.6 percent, mirrored the positive movements in the five sectors of the Labor Intensity Index this month. Four of the five Labor Intensity Index employment sectors experienced seasonally adjusted increases for September. Transportation equipment employment, the biggest mover, increased by 2,000 jobs over August. Petroleum, Coal Rubber and Plastics Products employment lost 88 seasonally adjusted jobs over August, a 0.5 percent decline. Average weekly hours were mixed and inconsequential.

The Kentucky Index of Initial Unemployment Insurance Claims increased by 8.2 percent for September. Both components of the index improved for September. Kentucky First Payments declined by 6.1 percent and US Initial Claims declined by 3.6 percent over August. For the ninth consecutive month, the Kentucky Index of Initial Unemployment Insurance Claims has alternated its growth sign. While this is not directly a good sign; it is also not directly a bad sign. To date, the index is up by 1.2 points (1.2 percent) over September 2006.

US Retail Sales increased moderately for September, up 8.1 percent over August. This is the third consecutive month of growth for US Retail Sales. This is some indication that the softness in sales is past. US Retail Sales is up 4.9 percent over September 2006. The Louisville Help Wanted Index finally showed an improvement in September, increasing by 1 point to 23.0. The year of 2007 has been harsh for the Louisville Help Wanted Index. The Online Help Wanted Index data is still not sufficient for testing purposes, but it does support the general location and direction of the Louisville Help Wanted Index for September. The Online Help Wanted Index for Kentucky is 35.2, up 18.5 percent (NSA) from the September 2006 value of 29.7. Kentucky falls in the fourth quintile relative to all states for the online measure.

Our indices are compiled and published on a monthly basis, roughly two weeks following the Conference Board release of the U.S. Leading Index. A complete description of the Index of Leading Indicators and methodology was published in the University of Kentucky Center for Business and Economic Research *Kentucky Annual Economic Report, 2000*.



#### About the Indicators

##### **Kentucky Reference Series**

Inflation-adjusted personal income less transfer payments and policy-adjusted general fund tax receipts are combined to form the GOEA composite reference series.

##### **Kentucky Leading Indicators**

- **KY Labor Intensity Index:** Composed of seasonally adjusted weekly hours multiplied by employment for the following manufacturing industries: Lumber products; chemical and allied products; petroleum, coal, rubber and plastic products; fabricated metals and transportation equipment.
- **KY Initial Unemployment Insurance (UI) Claims Index:** This index has two components: Kentucky claims in their first month of payment and total U.S. initial claims. Additional claims for UI are the subset of initial claims filed by workers who have previously filed UI claims but are currently filing new claims with intermittent workforce attachment since their original claim. The claims in their first month of payment without intermittent qualified experience performed better in the testing process and were chosen accordingly.
- **U.S. Retail Sales:** During turning points in the Kentucky economy, U.S. Retail Sales was not strictly concave or convex to the origin. For this reason inflexion points were used to test turning points in the U.S. Retail Sales series. U.S. Manufacturing and Trade Sales performed better than U.S. Retail Sales in testing, but because U.S. Manufacturing and Trade Sales was not published in a timely manner it had to be removed from the Kentucky Leading Index.
- **U.S. Manufacturer's New Orders Index:** This index has two components: US Manufacturer's New Orders for Nondefense Capital Goods and US Manufacturer's New Orders for Consumer Goods and Materials. Separately these two series slightly missed one or two turning points in the official reference series. But together they preceded each turning point.
- **Louisville Help-Wanted Index:** The Conference Board computes an index of help-wanted advertisements for major regions across the United States; Louisville is the only city in Kentucky covered by the Conference Board.

##### **Table Notes:**

- 1) Growth rates are computed with precise numbers. Due to rounding, two observations may have the same reported value but still exhibit growth at a more precise level.
- 2) More information is available on our website, [www.osbd.ky.gov](http://www.osbd.ky.gov)

*Office of State Budget Director  
Room 284, Capitol Annex  
Frankfort, Kentucky 40601-3453*

*Thomas Jones  
Phone: 502-564-7300  
taj@ky.gov*

**SELECTED KENTUCKY ECONOMIC INDICATORS  
SEASONALLY ADJUSTED**

	2006				2007								
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
KY Leading Index (1992=100)	112.9	112.7	112.8	113.4	112.9	112.5	113.3	112.7	113.0	112.7	112.7	112.3	112.6
% Chg Previous Month SAAR	2.3	-2.0	0.7	6.6	-4.3	-4.3	8.5	-6.2	2.8	-2.8	0.6	-4.4	3.4
% Chg Same Month Last Year	0.5	0.0	-0.3	0.2	-0.5	-0.6	0.0	-0.5	0.1	-0.4	-0.2	-0.3	-0.2
KY Leading Index Diffusion Index	56.7	56.7	63.3	63.3	66.7	63.3	66.7	63.3	66.7	53.3	56.7	56.7	60.0
KY Coincident Index (1992=100)	135.5	135.7	135.7	136.2	136.1	136.5	136.7	136.9	136.9	137.1	137.5	137.6	137.8
% Chg Previous Month SAAR	0.5	2.3	-0.2	4.1	-1.0	4.0	1.7	1.9	-0.4	2.2	3.0	1.5	1.8
% Chg Same Month Last Year	2.8	2.6	1.9	1.9	1.6	1.8	1.6	1.6	1.6	1.4	1.7	1.6	1.7
KY Non-farm Employment (000s)	1845.8	1844.0	1846.1	1850.9	1854.3	1854.1	1858.8	1856.7	1856.8	1854.6	1853.4	1853.8	1856.2
% Chg Previous Month SAAR	-0.3	-1.2	1.4	3.2	2.2	-0.1	3.1	-1.3	0.1	-1.4	-0.8	0.3	1.6
% Chg Same Month Last Year	0.8	0.8	0.6	0.9	0.7	0.6	0.5	0.8	0.6	0.5	0.8	0.4	0.6
KY Private Services Employment (000s)	1160.9	1161.5	1161.2	1163.4	1169.7	1170.3	1175.7	1169.8	1171.6	1170.8	1169.9	1170.4	1170.7
% Chg Previous Month SAAR	2.3	0.6	-0.3	2.3	6.6	0.6	5.6	-5.8	1.9	-0.8	-0.9	0.6	0.2
% Chg Same Month Last Year	1.0	1.3	1.1	1.2	1.3	1.3	1.0	1.0	1.0	0.8	1.0	1.0	0.8
KY Mfg Employment (000s)	261.3	259.4	260.6	262.1	260.9	259.7	255.7	260.1	257.0	257.4	257.3	254.4	256.0
% Chg Previous Month SAAR	0.9	-8.4	5.7	7.1	-5.4	-5.4	-17.0	22.7	-13.4	1.9	-0.5	-12.7	7.8
% Chg Same Month Last Year	-0.3	-1.1	-1.0	0.1	-0.9	-1.3	-2.8	-0.9	-1.8	-1.8	-0.1	-2.6	-2.0
KY Unemployment Rate (%)	5.7	5.7	5.6	5.4	5.6	5.7	5.4	5.3	5.5	5.4	5.7	5.6	6.1
KY Index of Initial UI Claims (1992=100)	103.0	103.1	102.6	103.4	103.8	102.2	103.6	102.7	103.9	103.6	104.2	103.5	104.2
% Chg Previous Month SAAR	6.3	1.1	-4.9	9.8	4.5	-17.4	17.9	-10.0	15.7	-3.5	6.5	-7.3	8.2
% Chg Same Month Last Year	2.2	0.3	-1.0	-0.3	-1.1	-2.0	-0.4	-1.5	0.9	-0.2	0.6	1.0	1.2
KY Labor Intensity Index (1992=100)	104.9	104.8	104.8	104.9	105.0	104.8	104.7	104.7	104.6	104.5	104.5	104.4	104.5
% Chg Previous Month SAAR	-0.2	-1.7	-0.1	1.4	0.8	-1.8	-2.0	0.8	-1.1	-1.5	0.3	-1.6	1.7
% Chg Same Month Last Year	0.3	0.1	0.0	0.0	-0.1	-0.3	-0.5	-0.3	-0.3	-0.6	-0.4	-0.6	-0.4
Louisville HWI (1992=100)	35.0	36.0	38.0	42.0	35.0	31.0	43.0	29.0	30.0	28.0	23.0	22.0	23.0
% Chg Previous Month SAAR	193.1	40.2	91.3	232.3	-88.8	-76.7	4973.2	-99.1	50.2	-56.3	-90.6	-41.3	70.5
% Chg Same Month Last Year	-37.5	-33.3	-26.9	-19.2	-20.5	-26.2	7.5	-27.5	-14.3	-24.3	-32.4	-31.3	-34.3
GF Total Tax Receipts (\$ mill)	834.7	630.1	630.7	881.4	682.8	544.3	652.7	671.9	784.7	788.6	608.6	566.5	822.3
% Chg Same Month Last Year	7.2	-0.4	-0.1	5.4	0.2	7.1	9.1	-11.2	11.3	-2.5	5.2	2.4	-1.5
GF Sales & Use Receipts (\$ mill)	224.0	242.5	223.8	238.9	286.2	193.6	212.5	202.4	270.9	243.0	251.0	241.8	235.5
% Chg Same Month Last Year	-2.4	2.9	2.4	4.4	-1.0	1.3	3.9	-12.2	15.1	5.3	0.7	4.9	5.1
GF Income Tax Receipts (\$ mill)	281.8	248.4	242.6	269.2	202.1	227.1	204.0	283.4	337.8	289.0	249.2	240.6	332.9
% Chg Same Month Last Year	1.4	-4.2	3.7	5.9	-8.5	14.1	19.0	-16.7	58.6	11.4	9.0	5.8	18.1

# SELECTED U.S. ECONOMIC INDICATORS SEASONALLY ADJUSTED

2006

2007

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
US Leading Index (1996=100)	137.6	137.6	137.6	138.4	137.9	137.1	137.9	137.6	137.9	137.6	138.6	137.4	137.6
% Chg Previous Month SAAR	5.4	0.0	0.0	7.2	-4.3	-6.7	7.2	-2.6	2.6	-2.6	9.1	-9.9	1.8
% Chg Same Month Last Year	1.4	0.7	-0.2	0.1	-0.5	-0.6	-0.4	-0.4	0.2	-0.1	0.8	0.3	0.0
US Coincident Index (1996=100)	122.6	123.0	123.0	123.4	123.3	123.5	123.8	124.0	124.1	124.3	124.7	124.9	125.1
% Chg Previous Month SAAR	1.0	4.0	0.0	4.0	-1.0	2.0	3.0	2.0	1.0	2.0	3.9	1.9	1.9
% Chg Same Month Last Year	2.8	2.8	2.2	2.2	1.8	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0
US Non-farm Employment (Mil.)	136.6	136.7	136.9	137.2	137.3	137.4	137.6	137.7	137.9	138.0	138.1	138.2	138.3
% Chg Previous Month SAAR	1.8	1.0	1.7	2.0	1.4	0.8	1.5	1.1	1.7	0.6	0.8	0.8	0.8
% Chg Same Month Last Year	1.8	1.8	1.7	1.7	1.6	1.5	1.4	1.4	1.5	1.4	1.3	1.3	1.2
US Service-Providing Employment (Mil.)	114.0	114.2	114.4	114.6	114.8	115.0	115.1	115.3	115.5	115.5	115.6	115.8	115.9
% Chg Previous Month SAAR	2.2	1.7	2.6	2.4	1.3	1.9	1.5	1.7	2.1	0.8	1.1	1.7	1.3
% Chg Same Month Last Year	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.9	1.9	1.8	1.8	1.7
US Manufacturing Employment (000s)	14,206.0	14,166.0	14,143.0	14,131.0	14,130.0	14,113.0	14,090.0	14,072.0	14,069.0	14,050.0	14,046.0	14,001.0	13,984.0
% Chg Previous Month SAAR	-1.0	-3.3	-1.9	-1.0	-0.1	-1.4	-1.9	-1.5	-0.3	-1.6	-0.3	-3.8	-1.4
% Chg Same Month Last Year	0.2	-0.2	-0.4	-0.5	-0.6	-0.7	-0.9	-1.1	-1.0	-1.3	-1.3	-1.5	-1.6
US Unemployment Rate (%)	4.6	4.4	4.5	4.5	4.6	4.5	4.4	4.5	4.5	4.5	4.6	4.6	4.7
US Manufacturer's New Orders Index (1996=100)	132.2	129.0	129.0	132.3	125.7	126.2	129.8	130.5	128.3	129.6	133.4	128.8	128.3
% Chg Previous Month SAAR	28.5	-25.1	0.1	34.7	-45.8	5.1	39.6	6.6	-18.3	13.2	41.3	-34.5	-4.3
% Chg Same Month Last Year	0.6	-2.6	-6.0	-3.0	-5.3	-4.7	-4.0	-1.5	-2.9	-2.1	1.7	-0.5	-2.9
US Initial Claims for UI (000s)	315.3	314.1	327.4	320.0	310.3	338.2	316.3	328.9	307.6	319.6	306.0	324.9	313.1
% Chg Previous Month SAAR	-3.7	-4.5	64.5	-24.0	-30.9	181.0	-55.2	59.8	-55.2	58.3	-40.7	105.3	-35.8
% Chg Same Month Last Year	-20.2	-8.2	3.8	1.9	6.9	10.9	3.0	5.5	-7.2	3.2	-2.1	2.7	-0.7
US Industrial Production Index (1992=100)	112.2	112.0	111.5	112.2	111.7	112.5	112.4	113.1	113.0	113.5	114.2	114.4	114.6
% Chg Previous Month SAAR	-3.7	-1.8	-4.9	7.8	-5.7	9.5	-1.1	6.9	-1.2	6.0	8.1	1.5	2.1
% Chg Same Month Last Year	6.0	4.6	3.0	2.8	2.4	2.9	2.2	1.9	1.9	1.5	1.7	1.7	2.1
US Personal Income Less Trans. (Bil. 2000 chnd)	8,189.6	8,310.5	8,344.2	8,363.9	8,362.8	8,406.7	8,439.9	8,449.2	8,448.9	8,481.0	8,512.3	8,549.3	8,569.9
% Chg Previous Month SAAR	10.0	19.2	5.0	2.9	-0.2	6.5	4.8	1.3	0.0	4.7	4.5	5.3	2.9
% Chg Same Month Last Year	3.6	4.7	4.1	3.5	3.4	3.7	4.0	4.0	4.3	4.1	4.8	5.2	4.6
CPI, All Urban (1982-84=100)	202.7	201.8	201.9	202.8	203.2	203.9	205.1	206.0	207.4	207.8	208.0	207.7	208.3
% Chg Previous Month SAAR	-6.3	-5.2	0.6	5.5	2.1	4.5	7.5	5.1	8.4	2.3	1.4	-1.7	3.2
% Chg Same Month Last Year	2.1	1.3	2.0	2.5	2.1	2.4	2.8	2.6	2.7	2.7	2.4	1.9	2.8
US Retail Sales (\$Billions)	362.1	361.6	363.2	367.3	367.2	369.3	372.9	371.7	377.7	374.7	376.9	377.2	379.6
% Chg Previous Month SAAR	-6.7	-1.5	5.5	14.4	-0.4	6.9	12.2	-3.8	21.3	-9.0	7.2	0.9	8.1
% Chg Same Month Last Year	5.4	4.7	4.5	5.6	2.2	3.6	4.4	2.8	5.1	4.0	3.7	3.6	4.9
US Consumer Expectations (1966=100)	78.2	84.8	83.2	81.2	87.6	81.5	78.7	75.9	77.6	74.7	81.5	73.7	74.1
% Chg Previous Month AR	435.0	164.4	-20.4	-25.3	148.5	-57.9	-34.3	-35.3	30.4	-36.7	184.5	-70.1	6.7
% Chg Same Month Last Year	23.5	34.2	19.5	1.2	11.0	9.4	3.6	3.4	13.8	3.8	12.4	8.4	-5.2
Ave. Prime Interest Rate (% NSA)	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.03